

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL REVIEW
Fiscal Year Ending 2009 (with trends since FY 2006)
Prepared in May 2010

As with any large business organization governed by a board, it is essential that the board members know the financial strength of the organization. This information is important to have in order to make informed decisions. The central purpose and use of the information in this report is to provide the board with a financial analysis of each institution which is needed to assist the board in fulfilling its fiduciary responsibilities. In addition, to this report a separate budget status report is regularly presented which discloses significant revenue and expenditure variances, deficits, and pending lawsuits.

The purpose of this financial review is to gain an understanding of the financial health of each institution, based on year-end financial statements as of June 30, 2009 and to identify trends that are occurring over a period of time (FY2006 thru FY2009). It is not the intent of the Ratio Analysis section of this report to compare ratios of one institution to the ratios of another, but rather to compare each institution to the identified industry standard. These are general industry standards and not specific to just higher education. However, they do provide a good benchmark to measure financial performance. **In addition, it is important to note that individual ratio results do not stand on their own; rather, the results of all the ratios and trends over time should be viewed together when considering the financial health of the institution.**

In order to distinguish between financial statement position and funding adequacy, a Funding Analysis section (pages 12–13) is included in this report. NDUS institutions are funded, on average, at 54 percent of their peers based on state and local appropriations. Nationally, although ND ranks very high in state per capita funding for higher education, ND ranks 40 out of 50 in state/local appropriations funding per FTE student. It is important to point out that institutions can be financially stable despite being less well funded than their counterparts. This is largely due to good fiscal management; however, there is a limit to how far resources can be stretched. Some long-term consequences of limited resources are deferred maintenance and faculty and staff salaries, which lag comparators. Even in light of their funding challenges, this report suggests that ND institutions are well managed and most are financially stable.

Viability Ratio

This ratio measures the ability to retire long-term debt using current resources. It is calculated by comparing combined unrestricted net assets and net assets restricted for debt service to total long-term debt (bonds, notes and capital leases). A ratio of greater than 1.0 is good and a ratio of less than .3 is of concern.

The following table shows the viability ratio for each institution for the current fiscal year and three previous fiscal years:

VIABILITY RATIO				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
DSU	7.8	3.8	2.3	2.0
NDSCS	2.9	2.2	1.9	1.7
MiSU	2.7	2.2	1.7	1.3
LRSC	1.8	1.5	1.5	1.1
WSC	1.2	1.5	.9	.1
DCB	1.0	1.1	1.2	.5
VCSU	.7	.5	.5	.4
BSC	.7	.5	.4	.7
Total NDUS	.6	.6	.6	.5
UND	.5	.5	.5	.4
NDSU	.4	.5	.5	.5
MaSU	.3	.3	.2	.1

Five of the eleven institutions have a viability ratio of less than 1.0. The ratio increased for nine of the institutions in FY 2009 as a result of long-term debt retired during the year and an increase in net assets available for debt service. The ratio for the NDUS, as a whole, is still below industry standard of 1.0 which is good.

BSC added debt in FY 2006 for the construction of Lidstrom Hall which became operational in FY 2009 and nearly \$4.0 million of debt was prepaid on the National Energy Center of Excellence building. Improvement in this ratio will continue as long-term debt is repaid. In FY 2009, MaSU incurred debt of \$2.1 million for the construction of the coal plant that was completed in February 2010. Although MaSU's ratios remain a concern, they have rebounded some as a result of steps taken beginning in FY 2006 to improve their financial condition.

Primary Reserve Ratio

This ratio measures the ability to operate at current levels without future revenues. It is calculated by comparing combined unrestricted net assets and expendable restricted net assets to annual operating expenses. A ratio of greater than .1 is good while a ratio of less than .05 is of concern.

The following table shows the primary reserve ratio for each institution for the current fiscal year and three previous fiscal years:

PRIMARY RESERVE RATIO				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
MiSU	.6	.5	.5	.4
DSU	.4	.5	.4	.3
LRSC	.3	.3	.4	.4
NDSCS	.3	.3	.3	.3
UND	.3	.3	.3	.3
Total NDUS	.3	.3	.3	.3
NDSU	.2	.3	.3	.3
VCSU	.2	.2	.3	.3
BSC	.2	.2	.2	.2
MaSU	.2	.2	.1	.1
WSC	.1	.2	.2	.1
DCB	.1	.2	.2	.1

The primary reserve ratio is good for all campuses and has remained stable over the last several years. As a result, the total NDUS ratio remains good.

Current Ratio

This ratio measures the ability to meet current obligations. The ratio is calculated by comparing current assets (unrestricted cash and investments, accounts/notes/grants receivable and inventories) to current liabilities (accounts payable, accrued payroll, student deposits and current portion of long-term debt). A ratio of greater than 2 is good, while a ratio of less than 1 is of concern.

The following table shows the current ratio for each institution for the current fiscal year and three previous fiscal years:

CURRENT RATIO				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
MiSU	6.1	5.2	5.2	3.3
DSU	4.5	8.0	6.2	4.1
NDSCS	4.0	4.5	4.4	4.9
LRSC	3.7	3.5	4.4	3.5
NDSU	2.9	3.1	2.5	3.1
Total NDUS	2.7	3.1	3.0	3.0
DCB	2.6	3.5	5.3	2.2
VCSU	2.5	2.5	3.0	3.5
BSC	2.3	2.2	2.6	2.4
UND	2.2	2.8	2.6	2.9
WSC	1.9	2.3	2.7	2.0
MaSU	0.9	1.6	1.3	1.2

The current ratio for most of the institutions is good; it increased at four of the eleven institutions since FY 2006 (MiSU, DSU, LRSC and DCB). MaSU's short term liability of \$2.1 million related to the coal plant will be converted to a long term liability after the plant's completion. Excluding this debt from short term liabilities, MaSU's current ratio would have been 2.0.

Working Capital Ratio

This ratio measures the ability to sustain operations in a short-term emergency situation (4-6 weeks). The ratio compares working capital (current assets less current liabilities) to total operating expenses, converted into weeks. While no industry standard is available, professional judgment suggests that an institution should be able to cover a minimum of 4 weeks of operating expenses in the event of an emergency.

The following table shows the working capital ratio for each institution for the current fiscal year and three previous fiscal years:

WORKING CAPITAL RATIO				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
MiSU	25.7	24.6	20.6	15.9
DSU	20.5	22.1	17.3	15.4
LRSC	15.0	13.8	17.3	15.7
NDSUS	13.2	12.3	12.3	13.0
Total NDUS	9.4	11.1	9.8	10.1
VCSU	9.3	9.3	10.9	10.5
NDSU	8.9	9.6	7.2	9.3
BSC	8.2	9.8	9.8	8.2
UND	7.1	10.3	9.9	9.9
WSC	5.4	7.2	7.9	4.2
DCB	5.3	7.0	8.8	4.5
MaSU	0.0	4.2	2.3	1.4

Most of the institutions have good or very good working capital reserves. MaSU's ratio increased in 2007 and 2008 but declined significantly in 2009. MaSU's short term liability of \$2.1 million which is related to the coal plant will be converted to a long term liability after the plant's completion. Excluding this debt from short term liabilities, MaSU's working capital ratio would have been 6.4. WSC had little working capital in 2006 and has improved since that time. MiSU's and DSU's ratios have improved significantly since FY2006.

Operating Income Margin

This ratio measures current year financial results. The ratio is calculated by comparing combined operating and nonoperating net income (before capital gifts and grants) to total combined operating and nonoperating revenues (excluding capital gifts and grants). A ratio of greater than zero is desired and indicates the institution is not spending more than it is taking in during the year. Additionally, a ratio of greater than zero indicates the institution is adding to reserves.

The following table shows the operating income margin for each institution for the current fiscal year and three previous fiscal years:

Operating Income Margin				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
WSC	5.0%	1.1%	-0.6%	3.0%
MiSU	0.9%	3.8%	4.9%	-1.4%
Total NDUS	0.1%	0.5%	2.9%	3.1%
LRSC	0.0%	-3.7%	0.4%	1.2%
DSU	-0.2%	1.5%	1.7%	-3.0%
BSC	-0.4%	1.7%	2.1%	1.1%
UND	-0.5%	-0.3%	1.5%	0.9%
NDSU	-0.9%	0.1%	3.5%	4.1%
MaSU	-1.9%	0.3%	0.8%	2.2%
DCB	-2.2%	-3.7%	-0.2%	-3.8%
NDSCS	-3.4%	-3.1%	-2.8%	2.9%
VCSU	-3.8%	-6.3%	-3.4%	6.2%

Eight institutions have an operating income margin below zero, which means they spent more to operate in 2009 than they earned from operations in 2009. A negative margin for one year could be due to timing issues or one-time events. Several years of a ratio of zero or less is of concern. Institutions with a ratio of zero or less for two or more consecutive years such as LRSC, UND, NDSCS, DCB and VCSU should be closely monitored.

Net Income Margin

This ratio measures an institution's financial status in terms of current year operations. The ratio is calculated by dividing the current year's increase in net assets by total revenues. A positive net income margin indicates that the institution experienced a net increase in current year fund balances. A negative net income margin results when an institution's current year expenditures exceed its current year revenues, requiring the institution to draw on reserves or creating deficit spending.

Net Income Margin				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
BSC	14%	1%	3%	2%
DSU	14%	9%	12%	4%
WSC	9%	13%	5%	6%
MiSU	7%	6%	5%	0%
VCSU	5%	4%	-2%	9%
MaSU	5%	7%	2%	0%
NDSCS	3%	2%	0%	5%
Total NDUS	3%	2%	4%	4%
NDSU	2%	2%	4%	5%
LRSC	1%	-3%	2%	4%
UND	1%	2%	2%	3%
DCB	-1%	1%	31%	5%

All institutions with the exception of DCB had a positive net income margin. A negative margin for one year could be due to timing issues or one-time events. Several years of a negative margin is of concern. Since FY2006, there are no institutions with a negative net income margin for more than one year.

Trend: Change in net liquid assets less current liabilities (2006 to 2009)

This calculation measures the change in ability to meet current obligations over time. It is the percentage change from June 30, 2006 to June 30, 2009 between liquid assets (cash, current investments and current receivables) and current liabilities. A positive percentage change is desirable as it indicates improvement over time in an institution's ability to meet current obligations. A negative percentage change indicates decline in ability over time to meet current obligations.

The following table shows the percentage change in net liquid assets for each institution from FY 2006 to FY 2009 and the dollar amount of net liquid assets for the current fiscal year and three previous fiscal years:

Net Liquid Assets					
Institution	Trend	Ending Balance (in millions)			
	% Change FY 2006- 2009	FY 2009	FY 2008	FY 2007	FY 2006
WSC	160%	\$0.9	\$1.0	\$1.1	\$0.3
MISU	96%	\$21.1	\$19.3	\$16.5	\$10.8
DSU	73%	\$10.7	\$10.8	\$7.9	\$6.2
DCB	49%	\$0.5	\$0.6	\$0.8	\$0.4
BSC	39%	\$4.4	\$5.0	\$4.4	\$3.2
NDSCS	17%	\$9.1	\$8.5	\$7.7	\$7.8
NDSU	16%	\$51.2	\$51.4	\$35.0	\$44.1
LRSC	13%	\$2.9	\$2.7	\$2.9	\$2.6
Total NDUS	13%	\$149.1	\$166.2	\$135.2	\$131.5
VCSU	0%	\$2.7	\$2.6	\$2.9	\$2.7
UND	-15%	\$44.9	\$61.6	\$55.4	\$52.9
MASU	-1,121%	\$-0.8	\$0.8	\$0.3	\$0.1

The change in net liquid assets coupled with the current ratio gives an indication of change in financial liquidity from one year to another. All institutions, with the exception of UND, MaSU and VCSU had an increase in net liquid assets since FY 2006. MaSU's short term liability of \$2.1 million related to the coal plant will be converted to a long term liability after the plant's completion in February 2010. Excluding this debt, MaSU's net liquid assets would have been \$1.3 million; an increase of 1,572 percent since 2006. Although UND's net liquid assets declined 15 percent in since 2006, it is not a concern at this point in time because their current ratio and working capital ratio are both good.

Trend: Change in long-term liabilities (2006-2009)

This calculation measures the change in long-term liabilities over time. It is the percentage change from June 30, 2006 to June 30, 2009 in total long-term liabilities. A negative change indicates the institution retired more debt than it added over the three-year period. A positive change indicates the institution added more debt than it retired.

The following table shows the percentage change in long-term liabilities for each institution from FY 2006 to FY 2009 and the dollar amount of long-term liabilities at year end and for the three previous fiscal years:

Long-term Liabilities					
<i>Institution</i>	Trend	Ending Balance (in millions)			
	% Change FY 2006-2009	FY 2009	FY 2008	FY 2007	FY 2006
DSU	-64%	\$1.2	\$2.6	\$3.0	\$3.4
NDSUS	-34%	\$2.6	\$3.2	\$3.6	\$3.9
DCB	-28%	\$0.4	\$0.5	\$0.5	\$0.6
WSC	-26%	\$0.8	\$0.7	\$0.9	\$1.1
MISU	-25%	\$7.0	\$8.3	\$8.9	\$9.4
LRSC	-22%	\$1.6	\$1.7	\$1.9	\$2.0
VCSU	-13%	\$4.1	\$4.3	\$4.4	\$4.7
UND	-1%	\$115.8	\$109.9	\$112.4	\$116.3
Total NDUS	10%	\$284.2	\$275.7	\$267.3	\$272.6
NDSU	19%	\$127.5	\$117.3	\$107.9	\$107.0
BSC	25%	\$8.2	\$12.6	\$12.7	\$6.6
MASU	31%	\$6.1	\$4.4	\$4.6	\$4.7

This calculation, coupled with the viability ratio indicates an institution's ability to service debt over time. Institutions with a viability ratio of less than 1.0, coupled with a large increase in long-term debt, are NDSU, BSC and MaSU. BSC had a 25 percent increase in long-term debt since 2006, due to the addition of a \$1.4 million capital lease for the Mechanical Maintenance Building in Mandan and a \$5.0 million capital lease for the NECE building. In FY 2009, BSC prepaid \$3.889 million of the capital lease on the NECE building. This prepayment, along with regular bond payments, reduced long-term debt by 35 percent from FY 2008 to FY 2009. However, with a viability ratio of less than 1.0, BSC should remain cautious about adding new debt in the near future. NDSU's increase is mostly attributed to the long term capital lease of Barry Hall. In FY 2009, MaSU incurred debt of \$2.1 million for the construction of the coal plant that was completed in February 2010.

Trend: Change in Fall FTE enrollment (2006-2009)

This calculation shows the percentage change in FTE enrollment from Fall 2006 to Fall 2009, including all credit on-campus and distance learning students.

The following table shows the percentage change for each institution in Fall FTE enrollment from FY 2006 to FY 2009 and the FTE enrollment numbers for the current fiscal year and three previous fiscal years:

Fall FTE Enrollment					
Institution	Trend	Enrollment*			
	% Change FY 2006- 2009	2009	2008	2007	2006
DCB	23%	490	440	402	399
BSC	19%	3,160	2,937	2,792	2,651
LRSC	16%	868	784	764	750
NDSU	15%	12,577	11,794	11,221	10,890
DSU	6%	2,187	2,294	2,158	2,059
Total NDUS	6%	37,564	36,096	35,075	35,373
MASU	2%	662	563	586	652
UND	-1%	11,306	11,137	10,967	11,381
VCSU	-1%	833	823	807	844
MISU	-3%	2,832	2,720	2,730	2,928
NDSCS	-4%	2,076	2,041	2,097	2,171
WSC	-12%	573	562	551	648

*As re-defined, Aug. 2006 based on 15 credit hours.

Overall, the NDUS saw an increase in FTE enrollment since Fall 2006 of 6 percent. Four of the institutions (DCB, BSC, LRSC and NDSU) had increased enrollment in each of the last three consecutive years. Occasional declines in enrollment are not unusual, but several consecutive years of declining enrollment is noteworthy. Institutions with two or more consecutive years of declining enrollment since 2006 include: MaSU, MiSU and NDSCS. All three of these campuses experienced increases in enrollment when compared to FY2008.

Trend: Change in On Campus and Distance Learning enrollment (2006-2009)

The following tables show the percentage change for each institution in Fall On Campus and Distance Learning enrollment from FY 2006 to FY 2009 and the FTE enrollment numbers for the current fiscal year and three previous fiscal years:

Fall On Campus Enrollment*					
Institution	Trend	Enrollment			
	% Change FY 2006- 2009	2009	2008	2007	2006
MASU	15%	672	492	519	585
NDSU	13%	13,602	12,847	12,226	12,002
DCB	12%	342	325	323	306
BSC	10%	2,649	2,471	not available ¹	2,400
WSC	4%	524	402	419	503
Total NDUS	3%	36,402	35,093	32,143	35,255
DSU	0%	2,111	2,111	2,136	2,104
MISU	-2%	2,595	2,492	2,512	2,647
UND	-4%	11,207	11,208	11,113	11,630
VCSU	-7%	716	721	726	774
NDSCS	-13%	1,636	1,645	1,774	1,883
LRSC	-17%	348	379	395	421

*May include students who are simultaneously enrolled in both on campus and distance learning methods.

¹Not available due to problems with coding combination courses.

Fall Distance Learning Enrollment*					
Institution	Trend	Enrollment			
	% Change FY 2006- 2009	2009	2008	2007	2006
NDSU	129%	587	382	301	256
NDSCS	67%	1,015	900	643	607
UND	63%	1,965	1,540	1,446	1,204
VCSU	40%	367	298	256	263
DSU	40%	656	619	534	468
DCB	36%	406	330	314	299
Total NDUS	35%	9,415	8,349	9,684	6,982
BSC	27%	1,371	1,317	not available ¹	1,077
LRSC	25%	1,354	1,278	1,125	1,087
WSC	4%	425	448	312	409
MISU	-1%	1,054	940	912	1,065
MASU	-13%	215	297	250	247

*Includes students who are enrolled in distance learning only.

¹Not available due to problems with coding combination courses.

Discounts as a percentage of tuition

This calculation measures the dollar amount of discounts granted as a percentage of gross tuition and fee revenue. The higher the percentage, the more the institution is forgoing revenues.

The following table shows discounts for each institution as a percentage of tuition for the current fiscal year and three previous fiscal years:

Discounts as a Percentage of Tuition				
Institution	FY 2009	FY 2008	FY 2007	FY 2006
BSC	1.1%	1.0%	1.1%	1.5%
DCB	2.8%	3.0%	3.5%	2.6%
WSC	3.2%	4.2%	3.9%	3.5%
LRSC	5.1%	5.2%	4.3%	3.0%
MASU	5.8%	4.0%	5.0%	9.9%
UND	6.8%	6.7%	8.0%	8.4%
NDSCS	7.3%	5.7%	7.0%	6.0%
MISU	7.5%	7.4%	7.4%	6.8%
VCSU	8.0%	8.1%	8.1%	8.5%
Total NDUS	9.5%	9.1%	9.3%	9.4%
NDSU	13.6%	13.2%	12.1%	12.9%
DSU	23.0%	21.1%	19.3%	16.5%

FY 2009 discounts for the NDUS totaled \$27.3 million, an increase of 23 percent over FY 2006. While the dollar amount of discounts increased 23 percent, total discounts as a percentage of tuition increased by only .1 percent. Therefore, the dollar increase in discounts corresponds to the dollar increase in tuition over the three-year period, rather than the result of an increase in the number of discounts.

Six of the institutions (DCB, LRSC, NDSCS, MiSU, NDSU and DSU) had an increase while five institutions (BSC, WSC, MaSU, UND and VCSU) had a decrease in the amount of discounts granted as a percent of tuition since FY 2006. DSU had the largest increase — from 16.5 percent in FY 2006 to 23.0 percent in FY 2009. MaSU's discounts were down from 9.9 percent in FY 2006 to 5.8 percent in FY 2009 as planned.

It should be noted that many of the discounts are partial discounts to reduce the “published” tuition rate. At some campuses, this discount practice is not necessary as the SBHE approved special tuition rates at select campuses. For example, some campuses charge the resident rate to all students, regardless of residency status. Others have a published higher non-resident rate, but use discounts to lower this rate, but generally not less than the resident rate.

Deferred Maintenance as a percentage of plant value

This calculation measures the value of deferred maintenance of state facilities and infrastructure (excluding auxiliary buildings and infrastructure) compared to respective plant replacement values.

The following table shows deferred maintenance for each institution as a percentage of plant replacement values as of March 2009 and as of March of three prior years:

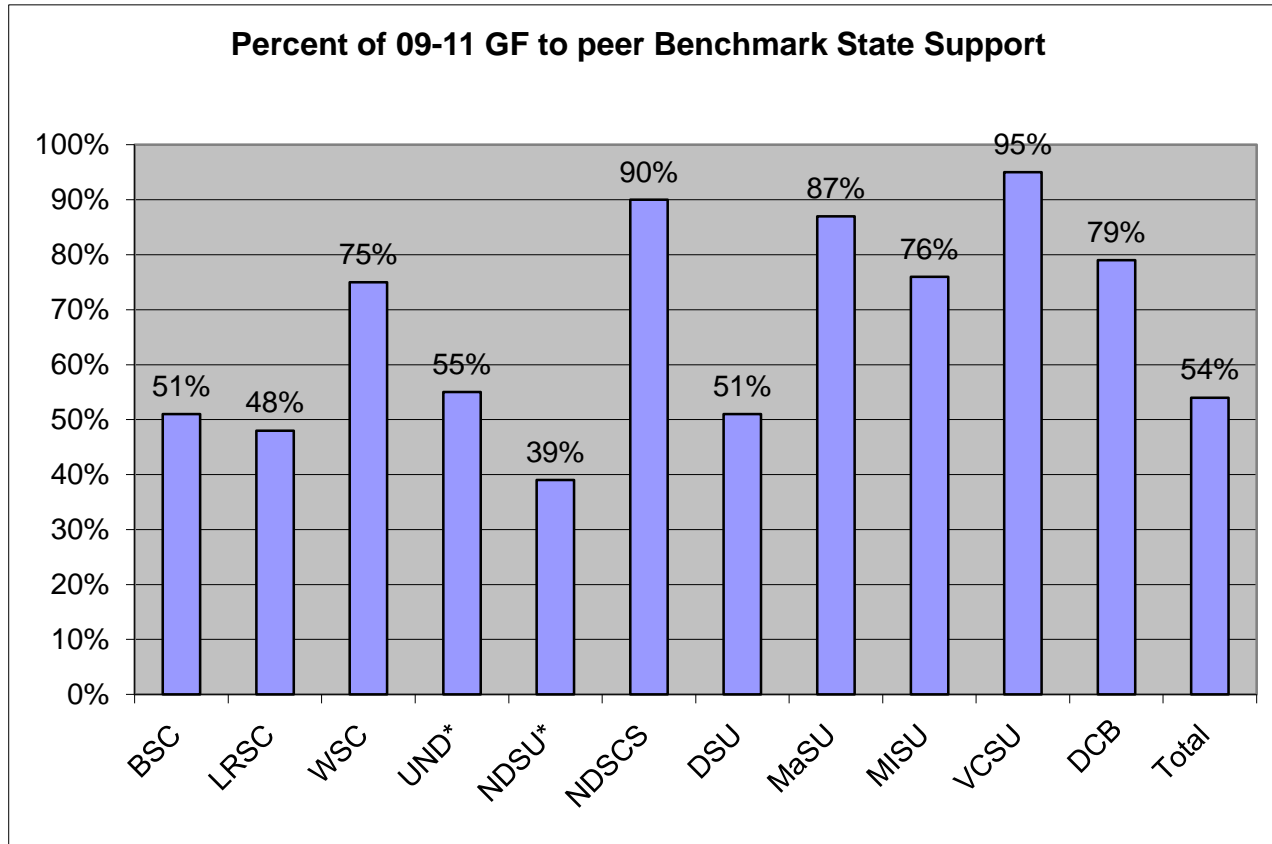
Deferred Maintenance as a Percentage of Plant Value				
Institution	2010	2008	2006	2004
LRSC	2%	3%	3%	1%
DCB	3%	5%	5%	15%
BSC	3%	5%	5%	5%
MISU	3%	3%	11%	10%
NDSCS	4%	5%	5%	6%
UND	7%	9%	9%	7%
NDSU	8%	10%	10%	11%
WSC	8%	1%	1%	7%
Total NDUS	8%	10%	10%	10%
VCSU	15%	15%	15%	25%
DSU	16%	17%	17%	24%
MASU	22%	29%	29%	39%

System-wide deferred maintenance on state funded facilities and infrastructure in March 2009 totaled \$109.3 million dollars. Four institutions have a deferred maintenance ratio above the system average; eight institutions had a decrease since 2004.

FUNDING ANALYSIS

Peer Funding Comparison

Data from the NDUS Resource Allocation Model indicates NDUS institutions are funded with state and local appropriations on average at about 54 percent of their peers



**UND includes med school, NDSU excludes Ag
Data Source NDUS Resource Allocation Model*

National per FTE Funding Comparison

Funding per FTE for the public institutions of higher education in North Dakota are well below that of public institutions in other states.

FY 2009 Total Educational Revenue per FTE - Public Institutions of Higher Ed			
Total Educational Revenues Per FTE*		Educational Appropriations (State/Local) Per FTE*	
1 Wyoming	17460	1 Wyoming	15391
2 Alaska	17317	2 Alaska	12962
3 Delaware	15004	3 Idaho	9255
4 New Jersey	14696	4 Hawaii	8849
5 Maryland	14640	5 North Carolina	8844
6 Vermont	14326	6 Oklahoma	8797
7 Maine	14252	7 Nevada	8781
8 Connecticut	13974	8 Georgia	8765
9 Pennsylvania	13679	9 New Mexico	8359
10 Rhode Island	13562	10 Connecticut	8317
11 Oklahoma	13457	11 New York	8238
12 Alabama	13255	12 Texas	8171
13 Kentucky	13184	13 Alabama	8102
14 Michigan	13059	14 Maryland	8100
15 Texas	12327	15 Louisiana	8092
16 Arkansas	12033	16 Kentucky	7969
17 West Virginia	12032	17 Arkansas	7955
18 Idaho	11857	18 Tennessee	7901
19 Hawaii	11819	19 Illinois	7777
20 North Dakota	11812	20 New Jersey	7481
21 New York	11795	21 Mississippi	7316
22 Arizona	11759	22 Arizona	7301
23 Tennessee	11756	23 Nebraska	7048
24 Iowa	11546	24 California	6899
25 Mississippi	11394	25 Maine	6756
26 Virginia	11355	26 Florida	6564
27 Illinois	11297	27 Wisconsin	6534
28 Nevada	11290	28 Washington	6483
29 Minnesota	11243	29 West Virginia	6433
30 North Carolina	11239	30 Minnesota	6161
31 Nebraska	10866	31 Utah	6103
32 Georgia	10821	32 Missouri	6084
33 South Carolina	10801	33 Iowa	5905
34 New Hampshire	10750	34 Virginia	5702
35 Louisiana	10616	35 South Carolina	5700
36 Wisconsin	10397	36 Delaware	5695
37 Missouri	10272	37 Kansas	5591
38 New Mexico	10185	38 Massachusetts	5591
39 Ohio	10133	39 Pennsylvania	5542
40 Massachusetts	10113	40 North Dakota	5476
41 Indiana	10102	41 Michigan	5365
42 Kansas	9677	42 Oregon	5020
43 Oregon	9447	43 Ohio	4858
44 Utah	9348	44 Rhode Island	4763
45 Colorado	9029	45 Indiana	4752
46 Florida	8872	46 Montana	4465
47 Montana	8852	47 Colorado	3929
48 Washington	8757	48 South Dakota	3927
49 South Dakota	8660	49 New Hampshire	3131
50 California	8426	50 Vermont	2654
US Average	10998	US Average	6928

*Excluding Ag research, extension and med school funding.

Source SHEEO Data

SUMMARY BY INSTITUTION

BSC

BSC's overall financial position remains good. The viability ratio, primary reserve ratio, current ratio and working capital ratio remained at about the same levels since 2006. Long-term debt increased 25 percent, due to the addition of a \$1.4 million capital lease for the Mechanical Maintenance Building and a \$5.0 million capital lease for the NECE building. In FY 2009, BSC prepaid \$3.889 million of the capital lease on the NECE building. This prepayment, along with regular bond payments, reduced long-term debt by 35 percent from FY 2008 to FY 2009. Enrollments have exceeded record levels since 2007. On campus enrollment increased 10 percent since 2006 while distance learning enrollment increased 27 percent. Net assets increased for each of the last four years. Deferred maintenance as a percentage of plant value decreased and discounts as a percentage of tuition remain the lowest in the system.

DSU

DSU's financial position remains very sound. The viability ratio, primary reserve ratio, current ratio and working capital ratio all increased since 2006 and long-term debt decreased. Enrollments decreased slightly in FY2009. Distance learning enrollment increased significantly since 2006 while on campus enrollment remained stable. Although the operating income margin was negative for two of the last four years, it has been positive the other two. Deferred maintenance is a continuing challenge.

LRSC

LRSC's overall financial position is sound. Reserves are good, liquidity is strong, debt remains at a manageable level and enrollment increased. Although on campus enrollment has been decreasing, distance learning enrollment increased for each of the last four years. Since FY 2006, long-term debt decreased by 22 percent and the viability ratio has steadily improved.

MaSU

At June 30, 2009 the financial condition of MaSU remains a concern; although some progress has been made since implementing a financial management plan in FY 2006. Improvements were made in the primary reserve ratio and enrollments increased in FY 2009. Deferred maintenance continues to be a concern and MaSU's overall financial condition should continue to be closely monitored.

MiSU

MiSU's financial position is sound. None of the ratios indicate any concerns at this point. Reserves are good and liquidity is strong. Declining enrollment is a concern but the fiscal impact of the enrollment decline appears to be managed at this time.

DCB

DCB financial condition improved considerably since FY 2006. Liquidity improved and long term debt decreased substantially. FY 2009 enrollment increased 23 percent from 2006 with both on campus and distance learning enrollment increasing. The negative net operating income and net income margins continue to be a concern and DCB's financial position should continue to be carefully monitored. Please note that on August 1, 2009, MiSU-B changed its name to Dakota College of Bottineau.

NDSCS

NDSCS's financial position is sound. Reserves and liquidity are strong and long term debt decreased considerably since FY 2006. Net liquid assets are increasing. Total FTE enrollment increased slightly. On campus enrollment continues to decline but distance learning enrollment has increased significantly. None of the ratios indicate any concerns at this point; however, it should be noted that NDSCS had negative operating income for the last three years.

NDSU

NDSU's financial position is sound. Although the viability ratio remains marginal, liquidity remains strong and reserves are stable. Enrollment continues to increase in both on campus and distance learning. NDSU received a recent (2009) Moody's rating of A1 (upper-medium-grade), with a stable outlook. Long term liabilities increased 19 percent since FY 2006 and the impact of issuing additional debt should be carefully evaluated.

UND

UND's overall financial position is good; the majority of the ratios remained stable or improved slightly since 2006. The viability ratio, a result of increased long-term debt improved slightly as debt service revenue on new projects is collected. Total FTE enrollment is down slightly with on campus enrollment decreasing 4 percent while distance learning increased 63 percent since 2006.

VCSU

VCSU's viability and primary reserve ratios improved since FY 2006 and liquidity is strong. Long term debt has also decreased. VCSU had net operating losses in the last three years which in part can be attributed to a \$1 million Center of Excellence Grant that was recorded as revenue in FY 2006. This influx of revenue is causing some distortion in the ratios due to the fact that the grant is being spent over four years with no new revenue coming in. Total FTE enrollment decreased slightly since 2006 with on campus enrollment down 7 percent and distance learning enrollment up 40 percent. In light of declining enrollments over the past four years and the net operating losses, the impact of issuing additional debt in the future should be carefully evaluated.

WSC

In FY 2006, WSC took proactive steps to improve their financial status. Significant improvements have been made since FY 2006. Liquidity is good and long term debt decreased significantly. Reserves and net assets increased and operating income was positive in FY 2009. Enrollment declined 12 percent from FY 2006 and although it increased slightly every year since FY 2007, it continues to be a concern and WSC's financial condition should continue to be closely monitored.